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SUBJECT: PRESIDENTIAL DELEGATION ATTENDS 10TH ANNIVERSARY OF
TIMOR-LESTE'S POPULAR CONSULTATION

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¶1. (U) Summary: A Presidential Delegation attended a series of official events from August 29-31 commemorating the 10th anniversary of the Popular Consultation that led to Timor-Leste's independence. Meeting separately with Prime Minister Gusmao and President Ramos-Horta, the Delegation also held substantive and straightforward discussions on some of the key challenges facing Timor-Leste in the coming years, including achieving justice and reconciliation for the political crimes committed since 1974, conducting essential reforms in the security sector, and implementing an economic growth strategy for the impoverished, underdeveloped country using its energy revenues. End Summary.

¶2. (U) A U.S. Presidential Delegation consisting of Ambassador Hans Klemm, former Ambassador to the OAS and Deputy Director of USAID Harriet Babbitt, and former Ambassador to the U.N. Nancy Soderberg attended a series of official events from August 29-31 commemorating the 10th anniversary of the August 30, 1999, Popular Consultation that led to Timor-Leste's independence. In separate private meetings on August 31 both Prime Minister Xanana Gusmao and President Jose Ramos-Horta welcomed the delegation and expressed their gratitude for U.S. support. Ramos-Horta, in particular, pointed out that U.S. political support was critical to Indonesia's ultimate agreement to normalize relations with Timor-Leste. The Delegation members for their part told both leaders that their presence for this auspicious occasion was intended by the White House to underscore the abiding friendship and interest that the United States has in Timor-Leste. Other foreign dignitaries in attendance at the official events included the Governor-General of Australia, the Indonesian and Portuguese Foreign Ministers, the Speaker of the Portuguese Parliament, the U.N. High Commissioner for Refugees (and former Portuguese Prime Minister), the Angolan Minister of Education, the Cuban Vice-Minister of Health, and two former Special Representatives of the U.N. Secretary-General.

"Justice will take its course... slowly"

¶3. (SBU) In a televised address at the opening ceremony, President Jose Ramos-Horta eulogized the late Senator Edward Kennedy and honored his commitment to the common people. The highlight of his remarks, however, was his forceful call for an amnesty for all political crimes committed in Timor-Leste between 1974 and 1999. Rejecting calls from "primarily abroad

in the West" for the establishment of an international tribunal, Ramos-Horta said that "ten years after the Popular Consultation, we must put the past behind us." (Note: Amnesty International issued a report on August 27 in which it called for the establishment of an International Tribunal.) Ramos-Horta also called for the disbanding of the U.N. Serious Crimes Unit tasked with investigating human rights violations committed in 1999.

¶4. (SBU) Later asked to comment on the President's speech, PM Gusmao explained to the Delegation that this is not merely an issue between Timor-Leste and Indonesia. Before Indonesia invaded in 1975 and during the resistance to the Indonesian occupation, the Timorese were embroiled in a "civil war" in which "we killed our own comrades" and almost everyone got their hands bloody. The current policy of forgiveness stems not from a "generosity" towards Indonesia, but from self-interest in avoiding reopening fissures that could tear the country apart. Gusmao claimed that a national process of examining history and uncovering truth already has taken place and that the public is ready to move forward, but conceded that political maneuvering in the parliament continues to make this a contentious issue. Separately, the opposition Fretilin party roundly criticized the President's speech and continues to call for debate on a 1975-1999 human rights report, despite having avoided such a debate during its own time in government. In a sign that this remains a contentious issue, moreover, protestors staged rallies at several sites over the weekend in response to the President's speech and the subsequent August 30 release of Martenus Bere, a Timorese from Indonesia accused of crimes against humanity, who had been detained during recent travel to Timor-Leste (SEPTTEL).

¶5. (SBU) Ramos-Horta himself defended his call for an

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amnesty by noting to the Delegation that in his extensive travels around the country he hears "not a word about justice, " instead people raise only economic concerns. Ramos-Horta conceded that Indonesia is unlikely to bring its own citizens to justice for crimes committed in Timor-Leste (they have not done so for crimes committed against other Indonesians), but maintained that they may eventually do so, perhaps sooner rather than later. In the meantime, "why go after small militia, the foot soldiers of the Indonesian military, when we don't have the courage to go after the Indonesian military directly?" Like Gusmao (who mentioned the fact that thousands of Timorese are students at Indonesian universities), Ramos-Horta cited practical concerns, including cross-border trade, as the immediate GOTL priority. "Justice will take its course, " he said "slowly."

Security sector reform remains a key challenge

¶6. (SBU) Asked about ongoing efforts to ensure stability and avoid another 2006 crisis by conducting critical security sector reforms, both Gusmao and Ramos-Horta claimed some measure of success. Gusmao accused the previous government of being narrow-minded, maintaining an anachronistic mentality in its leadership, and politicizing the security forces. "Now, " he said "the institutions [the police and the military] cooperate. " Gusmao cautioned on the need to take care of the older generation of soldiers while still preparing and professionalizing the new generation. Similarly, he argued for restraint in acceding to U.N. demands to dismiss police officers suspected of human rights violations, noting that such action could lead to grievances, a new set of "petitioners," and even "revolution." Gusmao estimated that even with the help of the U.N. police (UNPOL) as monitors it would still take another two years to clean up and reshape the police.

17. (SBU) Ramos-Horta blamed both the previous government under Mari Alkatiri and then-President Gusmao for the lack of leadership that led to the 2006 crisis. After assuming the Presidency, Ramos-Horta claimed to have established a regular mechanism to coordinate security issues with the Prime Minister and President of the Parliament and has consulted regularly with the opposition political parties. As a result, he said, the issue has been somewhat depoliticized and the situation is improving. Like Gusmao, however, Ramos-Horta argued that another two or three years are needed and that UNPOL is providing critical "breathing space." When it comes to technical assistance with legislation, policy, and the future development of the security sector, however, Ramos-Horta noted that he prefers to work bilaterally with countries like Australia, Portugal, and the United States. (Note: As a model, Ramos-Horta cited the assistance from the U.S. Navy Seabees who are doing "fantastic work" without weapons and with results that are "visible" to the Timorese people.)

PM defends Chinese heavy oil power plant tender;
President concedes it was sloppy

18. (SBU) Former Ambassador Babbitt took advantage of the private meetings to ask Gusmao and Ramos-Horta about the process by which the GOTL had reached a decision on the \$380 million contract for Chinese companies to install two used heavy oil electrical power plants. Gusmao testily defended the decision, arguing that his government had followed the normal legal process and that Timor-Leste has appropriate checks and balances. He claimed that the decision had been submitted to the President and that he had a week to review it before it was finalized. He rejected foreign criticism on this issue and questioned how "outsiders" could assess Timor-Leste's needs.

19. (SBU) Ramos-Horta also maintained that the process had been technically correct, there had been 15 bidders, and it had received parliamentary approval. The only legal shortcoming was the failure to conduct an environmental assessment. He claimed, however, that he obtained an actual copy of the (signed)

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contract from the government only after he insisted, and that, upon review, his assessment was that it was "sloppy." By way of example, Ramos-Horta pointed out that a Chinese Chamber of Commerce had been named as the final arbiter in disputes. Although Ramos-Horta has since warned the Chinese "not to cheat small countries," the contract is now essentially a done deal. In any case, he argued that the bulk of the contract (USD 260 million) would be directed towards building transmission lines and that a smaller portion (USD 80 million) was to install the heavy oil power plants. Ramos-Horta told the Delegation that an Italian company has recently won a USD two million annual contract to oversee the project and that any failure to comply with World Bank environmental standards would represent sufficient grounds to appeal and even cancel the contract.

Economic development

110. (SBU) Another recurring theme in each of the meetings was the critical need for Timor-Leste to invest in its own economic development and lift its population out of poverty. Agreeing with Babbitt's comment that one of the key challenges for

democracies is to "deliver," Gusmao noted that the economy of Timor-Leste needs to grow at a rate of 8 percent in order to reduce poverty. Although the country has its own resources from energy revenues, it continues to have difficulty executing its budgets efficiently. Ramos-Horta, as indicated above, places the country's economic needs ahead of all other issues, including justice and reconciliation. All agree that investing in education, eliminating illiteracy, and building basic infrastructure are critical, immediate needs.

Climate Change

¶11. (SBU) Asked about the upcoming climate change talks in Copenhagen, Ramos-Horta confirmed his intention to attend. He added that he was not overly optimistic, however, lamenting the fact that people are not moved to take action because climate change does not have an immediate palpable effect. Ramos-Horta noted that the world cannot simply blame the industrialized countries and that "we should all do what we can to mitigate the impact." Babbitt noted that as a small country with a large coastline and real mitigation issues, Timor-Leste is in a position to represent the interests of many other countries. Invited to work with the U.S. delegation, Ramos-Horta said that we should feel free to call on him to help. He added that he had discussed climate change with Indonesian President Susilo Bambang Yudhoyono (SBY) in Manado and recently by phone. According to Ramos-Horta, SBY is determined to use his second term to be more proactive on international issues, including climate change, and would take the lead among the participant countries of the Coral Triangle Initiative.

Comment

¶12. (SBU) The warm reception of the Presidential Delegation indicates that the GOTL leadership appreciates continued U.S. engagement and assistance in Timor-Leste. Although the GOTL was able to showcase its celebration of this important anniversary by successfully organizing and executing a series of official and public events amidst a general mood of euphoria, the discussions in the Delegation's private meetings suggests that Timor-Leste continues to face some serious challenges in the years to come. Truth, justice, and reconciliation is clearly a highly complex and emotional issue that will require many more years of public discussion and patient pursuit. Security sector reform, however, is a more immediate concern on which progress must be made sooner rather than later and for which President Ramos-Horta said he looks to the U.S. to be a key bilateral partner. Economic development is also an urgent, immediate need, but will be complicated by Timor-Leste's partisan politics and lack of institutional capacity, as indicated by the sloppy power plant tender.

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¶13. (U) Ambassadors Babbitt and Soderberg did not have the opportunity to clear this cable.
KLEMM